

**Virginia Department of Education
Projected Payment Schedule for Direct Aid Funds in FY 2005
(State Funds Only)**

The purpose of this document is to provide school divisions with information regarding the projected fiscal year 2005 Direct Aid to Public Education payment schedule (state funds only) and the fiscal year 2005 Program Classification Structure (see Attachments B and C). The information in this document is based on the projected fiscal year 2005 entitlements presented in Regulatory Superintendent's Memorandum Number 3, dated May 17, 2004. Attachment A provides summary information on each Direct Aid account for fiscal year 2005 regarding payment schedules, local match and certification/application requirements, and other account information. Fiscal year 2005 began on July 1, 2004, and ends on June 30, 2005.

Attachments A, B, and C to this document are available at:
<http://www.pen.k12.va.us/VDOE/Finance/Budget/directaid.html>

SECTION 1: Direct Aid Payment Schedule (State Funds Only)

This section lists the payment schedule for those Direct Aid to Public Education accounts that will be paid by electronic funds transfer (EFT) on a recurring (i.e., semi-monthly), non-recurring, or reimbursement-based payment schedule in fiscal year 2005.

Accounts paid through semi-monthly EFTs (funds deposited on the sixteenth and the last day of each month beginning in July 2004):

- ♦ Basic Aid
- ♦ Retirement - Virginia Retirement System (VRS) (instructional portion only including the Retiree Health Care Credit; the total non-instructional portion is paid in Basic Aid)
- ♦ Social Security (instructional portion only; the total non-instructional portion is paid in Basic Aid)
- ♦ Vocational Education - Standards of Quality (SOQ)
- ♦ Prevention, Intervention, and Remediation - SOQ
- ♦ Special Education - SOQ
- ♦ Gifted Education - SOQ
- ♦ Textbooks
- ♦ At-Risk
- ♦ Sales Tax (paid by the Virginia Department of Accounts to the local treasurer or finance officer of the locality)

Beginning in fiscal year 2005, school divisions will receive two distributions of sales tax revenue. The current one percent

sales tax revenue will continue to be distributed under revenue source code 240313. The additional one-eighth percent sales tax revenue enacted by the 2004 General Assembly will be distributed under revenue source code 240312. These payments will be itemized separately on each semi-monthly EDI statement sent to school divisions. The Virginia Department of Accounts projects that the distribution of the one-eighth percent sales tax will begin in November 2004. The Department of Accounts will also itemize the two sales tax payments separately on the Web-based remittance information it provides to local treasurers and finance directors.

No semi-monthly payment for instructional Group Life will be made in fiscal year 2005 due to the premium holiday in effect for the year. As a result, the Virginia Retirement System (VRS) will not charged school divisions for group life insurance in fiscal year 2005.

Please note that, beginning in fiscal year 2003, the instructional VRS Retirement (which includes the portion for Retiree Health Care Credit) and instructional Social Security payments were based only on the per pupil amount. The fixed-cost non-instructional portion of these benefits is now included as a portion of the Basic Aid per pupil payment and is no longer a component of the instructional retirement and Social Security payments. Also, please note that the June 2004 rollover payment (that is paid in July and accrued back to fiscal year 2004) for fringe benefits was deposited on July 12, 2004.

Please note that, based on actions of the 2004 General Assembly, Special Session I, the rollover payment for fringe benefits will terminate effective in fiscal year 2006. Consequently, the June 2005 rollover payment for fringe benefits will be paid in July 2006; however, the June 2006 payment for fringe benefits will be paid that month and will not rollover into July 2006 (i.e., fiscal year 2007).

With the exception of sales tax, all of the above accounts will be adjusted after actual March 31, 2005, Average Daily Membership (ADM) is received and finalized. Current projections of March 31, 2005, ADM will be recalculated this fall based on actual March 31, 2004, ADM and actual September 30, 2004, fall membership.

If the revised March 31, 2005, ADM projections differ significantly from the current ADM projections, affected accounts will be recalculated using the revised projections, and updated semi-monthly entitlements will be communicated and paid to divisions. If necessary, these adjusted payments would begin about mid-year. If the revised March 31, 2005, ADM projections

do not differ significantly from the current ADM projections, payments will continue to be made on the current ADM projections until actual March 31, 2005, ADM is finalized. Until such time as fiscal year 2005 payments are finalized for actual March 31, 2005, ADM or the fiscal year 2005 semi-monthly payments are recalculated based on ADM projections updated for the latest actual ADM and fall membership data, Direct Aid payments for fiscal year 2005 will be made using the projected entitlements contained in Regulatory Superintendent's Memorandum Number 3, dated May 17, 2004.

Payments Based on Average Daily Membership (ADM)

Following the collection of actual March 31, 2005, ADM, payments for the following accounts will be recalculated using actual adjusted or unadjusted ADM data as indicated below:

Accounts calculated on adjusted ADM:

- ♦ Basic Aid
- ♦ Gifted Education - SOQ
- ♦ VRS Retirement
- ♦ Social Security
- ♦ Textbooks
- ♦ Enrollment Loss
- ♦ Lottery

Please note that, beginning in fiscal year 2003, the Retiree Health Care Credit entitlement is paid as part of the VRS retirement payment. Beginning in fiscal year 2003, divisions began paying the VRS directly for the cost of this benefit. The entitlement for Enrollment Loss will be distributed in one payment in the spring of 2005 after actual March 31, 2005, ADM is received and finalized.

Accounts calculated on unadjusted ADM:

- ♦ Vocational Education - SOQ
- ♦ Special Education - SOQ
- ♦ Prevention, Intervention, and Remediation - SOQ
- ♦ At-Risk

Payments Based on Fall Membership

The following accounts are paid on the basis of fall membership and will be adjusted after September 30, 2004, fall membership is received and finalized:

- ♦ Early Reading Intervention
- ♦ SOL Algebra Readiness

- ♦ K-3 Primary Class Size Reduction (note: K-3 Primary Class Size Reduction will be paid on a semi-monthly recurring basis beginning on or about the January 16, 2005, EFT)
- ♦ English as a Second Language - This entitlement will be distributed in two equal payments, one in December 2004 and one in April 2005, after the division count of Limited English Proficient (LEP) students is finalized from the fall data collection.

The following accounts require either an application or superintendent's certification to be submitted to the department in order to receive state funds (where certifications or applications are not submitted and approved in time for payments to be made according to the schedules stated below, payments will be made as soon as possible after the certifications or applications are submitted):

- ♦ At-risk - Although this account will be set-up as a semi-monthly recurring payment beginning on the July 16, 2004, EFT, divisions are required to submit a certification form to the Department of Education. The required certification for this program was included in Administrative Superintendent's Memorandum Number 42, dated August 13, 2004, and was due to the department by September 24, 2004.
- ♦ Lottery - The required certification for this program was included in Administrative Superintendent's Memorandum Number 42, dated August 13, 2004, and was due to the department by September 24, 2004. Semi-monthly payments on the sixteenth and the last day of each month will begin after the department receives and approves the certification.
- ♦ At-Risk Four-Year-Olds (Virginia Preschool Initiative)- The entitlement will be paid in three equal installments: on the August 31, 2004, EFT (pending an approved application for 2004-2005 and final report for 2003-2004), the October 29, 2004, EFT, and the February 28, 2005, EFT (pending an approved interim report for 2004-2005). In order to be paid on these dates, divisions must submit the required documentation in a timely fashion; otherwise, divisions will be paid on the next semi-monthly payment date following the submission of required documentation. The final entitlement amount for fiscal year 2005 will be based on actual enrollment submitted to the department in the interim report in the fall of 2004. Guidance on the fiscal year 2005 application process was included in Informational Superintendent's Memorandum Number 116, dated May 28, 2004.

- ♦ School Construction Grants Program - Fifty percent of school construction funds will be distributed in December 2004, pending receipt and approval of the required certification form. The remaining 50 percent will be distributed in May 2005. The required certification for this program was included in Administrative Superintendent's Memorandum Number 42, dated August 13, 2004, and was due to the department by September 24, 2004.
- ♦ Early Reading Intervention - Fifty percent of the entitlement will be paid in December 2004, pending receipt and approval of the required certification form. The remaining 50 percent will be paid in February 2005. Informational Superintendent's Memorandum Number 130, dated June 18, 2004, included instructions and the certification for participating in this program in fiscal year 2005.
- ♦ SOL Algebra Readiness - This entitlement will be paid in two equal payments in November 2004, after the department receives and approves the required certification, and in March 2005, after the department updates the payments for actual 2004 fall membership. The required certification for this program was included in Administrative Superintendent's Memorandum Number 42, dated August 13, 2004, and was due to the department by September 24, 2004.
- ♦ K-3 Primary Class Size Reduction - Guidance on the required data collection and certification process for fiscal year 2005 was included in Administrative Superintendent's Memorandum Number 50, dated September 17, 2004, as part of the 2004 fall data collection. This data was due to the department by October 15, 2004. All data needed to calculate the fiscal year 2005 payments will come from the 2004 fall data collection. No other data collections will be required. After the department receives and approves the certification, recurring payments based on qualifying schools will begin on the sixteenth and the last day of each month beginning on or about the January 16, 2005, EFT.
- ♦ Remedial Summer School - Guidance on the fiscal year 2005 (summer 2004 program) reimbursement process was included in Administrative Superintendent's Memorandum Number 41, dated August 13, 2004. Actual remedial summer school program enrollments for summer 2004 were due to the department by September 17, 2004, and have been received from all school divisions and approved by the department. The fiscal year 2005 remedial summer school entitlement was paid to school divisions on the October 29, 2004, EFT. Sufficient funds were available to pay the full entitlements to school divisions without proration.

- ♦ Individual Student Alternative Education Plan Program (ISAEF) - As indicated in Informational Superintendent's Memorandum Number 123, dated June 4, 2004, the fiscal year 2005 ISAEF payments will be made to school divisions in one payment following the submission and approval of the fiscal year 2005 program applications. It is anticipated that all payments will be made by November of 2004, pending all division applications for funding being submitted and approved. School divisions will not be required to submit reimbursement request forms in fiscal year 2005.
- ♦ SOL Web-based Technology Initiative - Reimbursement requests against all grant allocations are submitted to the Technology Division in the Department of Education for approval. Upon approval, disbursements are made from divisions' State Non-arbitrage Program (SNAP) accounts. Reimbursement forms and information are available at the following Web page:
<http://www.doe.virginia.gov/VDOE/Technology/soltech/soltech.html>

Categorical Accounts - Listed below is information on the payment schedule for various categorical accounts.

Categorical accounts paid on a reimbursement basis are as follows (in most cases, a separate communication will be sent to provide specific guidance for each account):

- ♦ Special Education State-operated Programs (i.e., Hospitals, Clinics, and Detention Homes) - quarterly or semi-annual reimbursement
- ♦ Regional Alternative Education Programs
- ♦ Electronic Classroom
- ♦ School Nutrition (See Informational Superintendent's Memorandum Number 186, dated September 24, 2004.)
- ♦ Governor's Schools (academic year program reimbursements will be paid in two installments in January and May 2005 following the submission of reimbursement information to the department)

Other categorical account payment schedules (in most cases, a separate communication will be sent to provide specific guidance for each account):

- ♦ Career and Technical Education Categorical - The Occupational Prep and Adult entitlements are projected to be paid in one payment in January 2005. The Career and Technical Education Equipment component is paid on a reimbursement basis following the calculation of division allocations. Separate superintendent's memoranda will be issued on the data collection process to calculate the Occupational Prep and Adult payments and for the equipment allocations and reimbursement process.
- ♦ Special Education Homebound - One payment is projected to be made in the fall of 2004 upon receipt of prior year (fiscal year 2004) reimbursement data. (See Administrative Superintendent's Memorandum Number 38, dated July 30, 2004.)
- ♦ Special Education Regional Tuition - Payment is made twice a year; entitlements are paid in the semester that follows the one in which the expense was incurred (i.e., the spring 2004 reimbursement is paid in the fall of 2004; the fall 2004 reimbursement is paid in the spring of 2005). (See Administrative Superintendent's Memorandum Number 47, dated September 17, 2004.)
- ♦ Special Education in Local Jails - Please note that, beginning with fiscal year 2003, the fourth quarter reimbursement for this account is paid in the subsequent fiscal year (i.e., the fourth quarter fiscal year 2004 reimbursement is paid in the first quarter of fiscal year 2005). School divisions will be reimbursed quarterly according to the following schedule:

4th quarter fiscal year 2004 (expenses for April 1-June 30, 2004) - reimbursement form due to the department by July 10, 2004 (paid in state fiscal year 2005);

1st quarter fiscal year 2005 (expenses for July 1-September 30, 2004) - reimbursement form due to the department by October 10, 2004;

2nd quarter fiscal year 2005 (expenses for October 1-December 31, 2004) - reimbursement form due to the department by January 10, 2005;

3rd quarter fiscal year 2005 (expenses for January 1-March 31, 2005) - reimbursement form due to the department by April 10, 2005;

4th quarter fiscal year 2005 (expenses for April 1-June 30, 2005) - reimbursement form due to the department by July 10, 2005 (paid in state fiscal year 2006).

- ♦ Adult Education - A mid-year and year-end payment will be made after the department receives the reimbursement information from divisions.
- ♦ Foster Care - One payment is projected to be made for regular education and special education foster care in Spring 2005 based upon qualifying foster care students served in fiscal year 2004 and the local operational cost per pupil for fiscal year 2004. The count of qualifying foster care students served in fiscal year 2004 was collected through Administrative Superintendent's Memorandum Number 44, dated August 20, 2004; this data was due to the department by October 1, 2004. The local operational cost per pupil for fiscal year 2004 will be based on data submitted on the 2003-2004 Annual School Report; consequently, the payment for foster care cannot be made until the 2003-2004 Annual School Report is closed-out for all divisions.
- ♦ Mentor Teacher Grants - Two different grants related to mentor teachers will be paid in fiscal year 2005. Both grants will be distributed to eligible school divisions in one payment.

The first mentor teacher grant, which has been paid in prior years, is referenced in Informational Superintendent's Memorandum Number 167, dated August 20, 2004. The funding level for this grant in fiscal year 2005 is \$1.0 million. These funds will be distributed to eligible school divisions based on an amount per teacher and the number of reported teachers in 2004-2005 with no teaching experience (excluding teachers with no experience in hard-to-staff schools). This payment will be made to eligible school divisions in December 2004.

The second grant related to mentor teachers is a new payment beginning in fiscal year 2005. This funding was provided in the 2004-2006 budget and is a component of Governor Warner's Education for a Lifetime initiative. These funds will be distributed to eligible school divisions based on an amount per teacher and the number of reported teachers in hard-to-staff schools in 2004-2005 with no teaching experience. This payment will be adjusted for the composite index of local ability-to-pay. This payment will be made to eligible school divisions in November 2004.

Section 2: Program Classification Structure for Fiscal Year 2005

Attachments B and C outline the Program Classification Structure that will be used by the Department of Education to distribute

funding to school divisions and local governments in fiscal year 2005 for public education (Attachment B) and for services provided under the Comprehensive Services Act (Attachment C). The Catalog of Federal Domestic Assistance (CFDA) code will be used as the revenue source code for federal funds (fund 1000).

The following describes the content of the columns contained in Attachments B and C:

- Column (1) - Program, Subprogram, and Element** - The coding structure used in the state budget for identifying appropriated funds by activity.
- Column (2) - Project Code** - The coding structure used by the Department of Education in the chart of accounts to identify activity-specific expenditure information.
- Column (3) - Description** - The label description of the corresponding program, subprogram, element, or project code.
- Column (4) - Fund Source** - The source of funding (i.e., state general, state nongeneral, federal). Federal funding is designated by the code of 1000; state funding is designated by the codes of 0100, 0200, 0400, 0700, or 0900.
- Column (5) - Revenue Source Code (State) or Catalog of Federal Domestic Assistance (CFDA) Code** - The five-digit (CFDA) and six-digit (state) codes in the Department of Education chart of accounts used for reporting state and federal revenues on electronic data interchange (EDI) notices, locality ledger reports, and the Annual School Report. The five-digit CFDA code (with the period) will be used to show federal funds on EDI notices and locality ledger reports; however, the period is dropped from CFDA codes shown in the revenue section of the Annual School Report.
- Column (6) - Current payment status for fiscal year 2005** - "A" denotes that the project code is in active payment status for fiscal year 2005, while "I" denotes inactive payment status for fiscal year 2005.

To address questions regarding this document, or for additional information, please contact budget office staff at (804) 225-2025.